

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Removal of Customized Postage from the)
Mail Classification Schedule) Docket No. MC2020-126

COMMENTS OF THE ALLIANCE OF NONPROFIT MAILERS

May 21, 2020¹

The Alliance of Nonprofit Mailers (“ANM” or the “Alliance”) respectfully submits these comments in response to the Postal Service’s request to remove customized postage from the mail classification schedule. We note that all other interested parties who submitted comments to the Commission either question whether the Postal Service has adequately justified termination of the customized postage program, see Pub. Rep. Comments (May 18, 2020), or favor the continued offering of customized postage. See Stamps.com Comments at 1 (May 18, 2020) (“We believe it is in the interest of all parties – and the general public – for the Program to continue.”); *and* Minted Comments (May 18, 2020) (“we encourage the USPS to find a resolution that preserves the viability of the Program.”).

We write to add our members’ voices to those who urge conservation of the customized postage program. We agree in particular with many of the points raised in the comments of Stamps.com. We will not repeat those arguments here. However, because the Alliance has for four decades been the leading advocate for nonprofit

¹ Pursuant to Commission Order No. 5499, comments by interested parties were due by May 18, 2020. Therefore, these comments are accompanied by a Motion for Late Acceptance of the Comments of the Alliance of Nonprofit Mailers.

mailers, including some of the country's most impactful organizations, we wish to elaborate on an important observation that Stamps.com made in its comments:

[O]ur Customized Postage products are popular with nonprofit organizations that use PhotoStamps on the return envelopes they send to prospective donors to mail back donations. Nonprofits have provided positive feedback on the Program and it has helped increase the recognition of their brands and missions and made their fundraising efforts more successful. Customized Postage is used to raise money for important causes, such as helping wounded members of our military, the homeless and those living in poverty, and animal welfare. USPS benefits financially from PhotoStamps purchased by nonprofits for their fundraising campaigns because only a small portion of the recipients of fundraising letters respond, allowing USPS to keep the value of the postage that was paid but not used. Postage is at full First Class, not nonprofit postage rates. Ending the Program could result in a lower rate of return on fundraising letters, which will negatively impact the communities these nonprofit organizations serve. In light of recent developments in the world, we urge USPS not to eliminate a successful and profitable program that also helps raise money for underserved communities experiencing unprecedented financial hardship during these uncertain times.

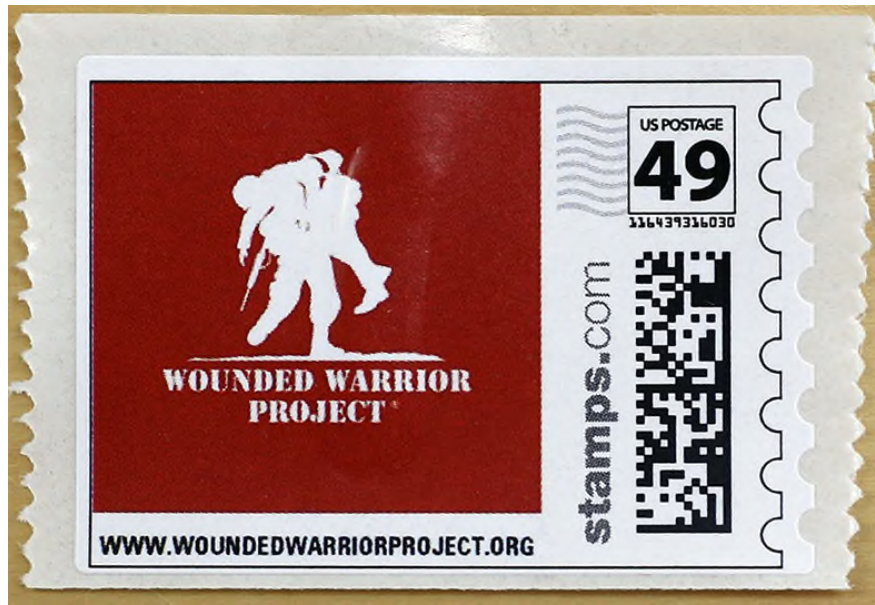
See Stamps.com Comments at 3-4. On behalf of our members, we will amplify Stamps.com's warning that elimination of the USPS customized postage program will harm nonprofit mailers, those organizations' charitable missions, and the beneficiaries of their charitable works.

As we have previously explained in other filings, customized postage placed on outbound mailpieces and return envelopes can, and does, improve the attractiveness and response rate of mailings by nonprofit organizations. See Comments of Alliance of Nonprofit Mailers on Notice of Proposed Rule, *Revisions to the Requirements for Authority to Manufacture and Distribute Postage Evidencing Systems; Customized*

Postage Products, 82 Fed. Reg. 1294 (Ltr. from D. Levy dated Feb. 12, 2017). There are several reasons why this is so:

- First, nonprofit donors place a very high value on mail they receive that contains custom stamp packages. For many of these donors – particularly seniors – customized postage serves as a collectible. Alternatively, some donors use the postage for sending cards, paying bills, or other handy uses. As the Commission well knows, “the value of the mail service ... to both the sender and the recipient” is a statutory factor that must be accounted for in this docket. See 39 C.F.R. 3040.132(b); 39 U.S.C. § 3622(c)(1).
- Second, customized postage positively impacts nonprofits’ bottom line. A mail service provider recently compared the performance of outbound mail in which a custom stamp was paperclipped to a fundraising appeal letter and visible through the outer envelope window with mail that did not display customized postage (there were no other differences between the two mail pieces). Mail with the customized stamp had a 23 percent higher response rate, correlating to a 13 percent increase in revenue to the nonprofit organization, than mail without the customized postage.
- Finally, customized postage has nonmonetary value for nonprofits. Custom stamps may serve as an extension of the organizations’ charitable missions. For example, the Commemorative Air Force uses custom stamps to teach Americans about the role military aviation played in winning World War II by showcasing their WWII warbirds on each stamp.

As Stamps.com noted, many nonprofit organizations utilize custom postage in fundraising appeals to raise money for causes such as helping wounded members of our military. Wounded Warrior Project (“WWP”), for example, is an organization recognized as tax-exempt under section 501(c)(3) of the Internal Revenue Code that provides critical programs and support to veterans and service members injured while serving in the military on or after September 11, 2001. Since 2018, WWP has sent Stamps.com customized First Class postage as a premium inside of 18.5 million outbound mail pieces (which are sent as nonprofit Marketing Mail). Here is an exemplar (and iconic) image of the customized postage used by WWP:



Every time that WWP purchases this customized postage and includes it within the outbound mail piece, the Postal Service receives full single-piece First-Class revenue. The Postal Service earns 55 cents of pure profit every time that the customized postage is not used by the mail recipient (which is often the case), and still earns a healthy margin on the customized postage that recipients do use. Moreover, the outbound nonprofit Marketing Mail piece covers its costs and contributes to the Postal Service's institutional costs. In addition, WWP reports that the customized postage performed better than did the Postal Service's First Class Purple Heart forever stamp, which WWP had previously used for years. Thus, like Stamps.com, we disagree that USPS commemorative First Class stamps are comparable to customized stamps. See Stamps.com Comments at 5.

Wounded Warrior Project is hardly the only nonprofit mailer to utilize customized postage and to have serious concerns about the Postal Service's request. We have heard from numerous other organizations – including Marine Toys for Tots, the National World War II Museum, Paralyzed Veterans of America, the Red Tail Squadron, and the

aforementioned Commemorative Air Force – that they are worried the Postal Service’s request will negatively impact their charitable programs.

On behalf of these nonprofit organizations and our many other members who are loyal and long-time customers of the Postal Service, we echo Stamps.com’s recommendation and urge the USPS to continue its customized postage program.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'ESB', with a long horizontal line extending to the right.

Eric S. Berman
Venable LLP
600 Massachusetts Ave., N.W.
Washington, DC 20001
(202) 344-4661
esberman@venable.com

*Counsel to The Alliance of
Nonprofit Mailers*